

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 08588 071703Z

53

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C O N F I D E N T I A L VIENNA 8588

E.O. 11652: GDS

TAGS: PFOR, UNGA, IAEA, UN, AU, UNIDO

SUBJECT: VIENNA DIPLOMATIC CORPS EFFORTS TO OBTAIN VAT EXEMPTION

DEPARTMENT PASS DEPUTY ASST SECRETARY ROBERT O. BLAKE (IO)

REF: STATE 215628; VIENNA 8504

SUMMARY: SIX-MAN AMBASSADORIAL COMMITTEE REPRESENTING VIENNA DIPLOMATIC CORPS UNANIMOUSLY AGREED THIS MORNING TO RECOMMEND THAT ALL GOVERNMENTS ACCREDITED TO AUSTRIA VOTE FOR POSTPONEMENT OF DEBATE ON GOA'S OFFER OF VIENNA AS THIRD UN CITY AT UNGA (AGENDA ITEMS 77 AND 78). RECOMMENDATION DESIGNED TO OBTAIN MORE TIME FOR COMMITTEE TO CALL ON CHANCELLOR KREISKY TO OBTAIN RELIEF FROM VAT FOR VIENNA-BASED DIPLOMATIC CORPS USING GOA OFFER AS BARGAINING POINT. END SUMMARY

1. A MEETING WAS HELD THIS MORNING OF A COMMITTEE FORMED BY DOYEN MONSIGNOR ROSSI, THE PAPAL NUNCIO. CHAIRED BY AMBASSADOR HUMES REPRESENTING NORTH AMERICA, THE COMMITTEE WAS COMPOSED OF THE AMBASSADORS OF INDONESIA (ASIA), THE NETHERLANDS (WESTERN EUROPE), GDR (EASTERN EUROPE), COSTA RICA (LATIN AMERICA) AND LIBYA (AFRICA). PURPOSE OF THE MEETING WAS TO DISCUSS VAT EXEMPTIONS FOR THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 08588 071703Z

VIENNA-BASED DIPLOMATIC CORPS.

2. AMBASSADOR HUMES REVIEWED THE DIPLOMATIC CORPS' UNSUCCESSFUL EFFORTS OVER THE PAST TWO YEARS TO OBTAIN DIPLOMATIC EXEMPTION FROM THE 16 PERCENT VALUE ADDED TAX (VAT) IN EFFECT IN AUSTRIA SINCE JANUARY 1, 1973. HE POINTED OUT THAT THE GOA HAS RECENTLY REACHED AN AGREEMENT WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) FOR REIMBURSEMENT OF VAT PAID FOR OFFICIAL PURCHASES OVER AS 1,000 (APPROXIMATELY \$50) RETROACTIVE TO JANUARY 1, 1973. AMBASSADOR HUMES CALLED SPECIAL ATTENTION TO THE GOA RECENT OFFER OF VIENNA AS THE "THIRD UN CITY (SEE REFTELS).

3. AFTER A BRIEF DISCUSSION THE COMMITTEE UNANIMOUSLY AGREED THAT THE DOYEN OF THE DIPLOMATIC CORPS SHOULD REQUEST A MEETING WITH CHANCELLOR KREISKY FOR HIMSELF AND THE ENTIRE COMMITTEE AND THAT AMBASSADOR HUMES SHOULD SEEK AN APPOINTMENT WITH FOREIGN MINISTER BIELKA TO INFORM HIM OF THIS INTENTION. PURPOSE OF THE MEETING WITH CHANCELLOR KREISKY WOULD BE TO OUTLINE THE DIPLOMATIC CORPS DISSATISFACTION WITH THE GOA'S FOOTDRAGGING ON THE VAT DIPLOMATIC EXEMPTION ISSUE AND TO POINT OUT THE DIFFICULTIES OF SUPPORTING HIS OFFER OF VIENNA AS A THIRD UN CITY UNLESS A MUTUALLY SATISFACTORY SOLUTION IS FOUND IN THE VERY NEAR FUTURE.

4. THE COMMITTEE ALSO UNANIMOUSLY AGREED TO RECOMMEND THAT ALL GOVERNMENTS ACCREDITED TO AUSTRIA SHOULD SUPPORT A VOTE FOR POSTPONEMENT OF THE DEBATE ON THE GOA PROPOSAL DUE TO TAKE PLACE AT THIS YEAR'S UNGA UNDER AGENDA ITEM 77 AND 78. POSTPONEMENT OF THE DEBATE WOULD GIVE THE COMMITTEE MORE TIME TO APPROACH CHANCELLOR KREISKY AND WOULD BE A CLEAR SIGNAL THAT RELIEF FROM VAT IS ESSENTIAL IF THE GOA'S OFFER IS TO RECEIVE SERIOUS CONSIDERATION.

5. AMBASSADOR HUMES STRONGLY ENDORSES THE COMMITTEE'S RECOMMENDATIONS AND WOULD APPRECIATE ANY ASSISTANCE THE DEPARTMENT CAN GIVE HIM IN THIS MATTER.

6. ACTION REQUESTED: 1) DEPARTMENT'S SUPPORT FOR THE COMMITTEE'S RECOMMENDATION, AND 2) DEPARTMENT'S BEST ESTIMATE OF APPROXIMATELY WHEN ITEMS 77 AND 78 WILL COME UP FOR DISCUSSION. HUMES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENNA 08588 071703Z

CONFIDENTIAL

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